

The Political Forum

*A review of social and political trends and events
impacting the world's financial markets*

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CROOKS, INCOMPETENTS, POLITICAL HACKS AND FOOLS

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Last week I discussed in some detail the exceedingly wide range of Chinese espionage efforts aimed specifically at the Clinton administration. The success of those undertakings, which has been made abundantly clear by such major media outlets as *The New York Times*, the *Wall Street Journal*, and the *Washington Times*, by Congressional investigators, and by the leaks from the upcoming Cox Committee report, hinged, I said, on a combination of, among other things, ethical laxity and outright stupidity on the part of dozens of members of the Clinton administration. I put it this way.

The evidence strongly shows, I believe, that the success of these [Chinese] efforts, on such a wide variety of targets, was made possible by the fact that many of the highest offices in such agencies as the Departments of Justice, Commerce, State, Energy, the FBI, the CIA, the White House, the National Security Council, and the fund raising arm of the Democratic party were filled by Bill Clinton with a conglomeration of crooks, incompetents, political hacks and fools, who, while motivated by a variety of factors, shared a 1960s affinity for political correctness and disdain for “things military.”

Much of the evidence supporting this contention has been publicly available and well publicized for some time. For example, everyone knows by now of the blatant sale of political favors that took place in the Clinton Commerce Department under the direction of Ron Brown: seats on trade missions were sold; dual-use technology was sold; in short, national security was sold.

Likewise, everyone knows about Bill's numerous meetings with known “hustler” and Chinese military conduit Johnny Chung, and with likely Chinese spy and Commerce/DNC official John Huang. And, of course, everyone knows about Al and the Buddhist nuns.

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But these and other widely discussed stories constitute merely the tip of the iceberg. As I said last week, I know I can't support such a contention in one article. But I said I would work on it as the year goes on. So this week, I thought I would begin to honor that pledge with some published reports on FBI director Louis Freeh, which have gone largely unnoticed by much of the mainstream media, and with a few observations about the actions of Bill's hapless former Energy Secretary, Hazel O'Leary.

In the summer of 1993, the White House fired Judge William Sessions as director of the FBI. Several months later, he was replaced by Judge Louis Freeh, a former FBI agent, U.S. Attorney, and Federal Judge.

A considerable amount of controversy surrounded both the timing and the abruptness of Judge Sessions' removal (it was the day before Vincent Foster turned up dead of a gunshot wound in Fort Marcy Park) and the unusual length of time it took to replace him with Freeh (during which time, many observers contended, the Bureau's investigation floundered for lack of direction).

But Freeh's appointment calmed the waters considerably. He had the overwhelming support of the Justice Department, the White House, the rank and file within the Bureau itself, and most conservatives.

Since then, however, support for Freeh has waned among each of these groups. In fact, I think it is safe to say that very few people would argue today that he has distinguished himself either as a leader of strong character or as a law enforcement administrator especially interested in the dogged pursuit of truth and justice.

Recently, it is true that Freeh has earned kudos from some conservatives for acknowledging that he recommended that Janet Reno appoint an independent counsel to investigate questions surrounding the financing of the 1996 Clinton/Gore campaign. However, it now appears that he may have problems of his own in this area; that at least some of the blame for the fund-raising/technology-selling/Chinese espionage scandal for which he recommended an independent counsel may well fall on his shoulders.

In fact, earlier this month, the Justice Department announced that it had turned the tables, and had begun an internal investigation of Louis Freeh and the FBI. On May 5, a "senior Justice Department official" told the *Washington Times* that Justice had tapped a federal prosecutor to head a special task force charged with investigating "the FBI's probe of a Los Alamos computer scientist suspected of passing nuclear weapons secrets to China."

According to the story, investigators will seek to assign blame for security failures and will be instructed to pull no punches. "The investigation will be a top-to-bottom review," the Justice official asserted, "as bad as this reflects on the department and the Bureau, the task force is just trying to get the facts of 'who shot John.'"

Unfortunately, for Freeh, it may turn out that he did. In the same *Times* piece, an unnamed White House aide raised the possibility that investigators will determine that the culpability in this debacle is Freeh's. Comparing the Wen Ho Lee incident to the Aldrich Ames case, the

official predicted “high-level resignations.” “The Ames case was used to drive [CIA Director R. James] Woolsey from office,” he stated. “The same thing could happen [here] to Freeh.”

On May 19, more fuel was added to this fire. Attorney General Janet Reno and Director Freeh appeared behind closed doors at a Senate Intelligence committee hearing, where they were reportedly given quite a tongue-lashing. The *New York Times* reported the next day that “several senators repeated their conclusion that the Justice Department and the Federal Bureau of Investigation botched the security investigation into Wen Ho Lee”

Committee Chairman Richard Shelby told reporters that “the actions and inactions” of the FBI and the Justice Department were “dumbfounding to a lot of us, baffling.”

According to the *Times*, Justice, in a move that tends to portend ill for Freeh, “said that the FBI managers did not aggressively present their case [for a wire tap on Lee] . . . and were unwilling to deploy the large number of agents that would have been necessary to conduct the full-time surveillance that might have produced evidence to justify a warrant under the Surveillance Act.”

If Justice Department and Congressional investigators are earnest in the execution of their duties, they will likely discover, I believe, that Freeh’s “crime,” if you will, is that through a combination of ignorance, arrogance, and incompetence, he substantially downgraded the Bureau’s effectiveness.

I have never written extensively on the rot that began developing at the Bureau shortly after Freeh took over, but it was apparent way back in 1996 to anyone who was paying attention. I began commenting on it in a September, 1996 piece entitled “That Car Is Green . . . On This Side.” The paragraph read as follows.

I might even be able to bring myself to believe that it doesn't stink to high heaven that Howard Shapiro, the General Counsel of the FBI, slipped his buddies at the White House a draft copy of *Unlimited Access*, a revealing book about the White House by former FBI agent Gary Aldrich, and alerted these same chums in July to a troubling memo in the FBI files that Congressional investigators had discovered. Indeed, I might even be able to convince myself that such contact between the FBI and the White House is "normal."

Two months later, in a piece entitled “If Lippogate Isn't Innocent, It Signals Big Problems,” I wrote the following.

Even the Justice Department has shown some interest in the matter [Lippogate], although a reasonable person could be forgiven for questioning whether Louis Freeh's FBI will dig much beyond the surface of the story, given that to do so could implicate high White House and Democratic party officials in serious wrong doing.

And finally, the following paragraphs from a piece I wrote in March 1998 entitled “A Paean To Paula,” while not focusing directly on Freeh, go a long way, I believe, in sustaining the view that he was comfortable enough with having ethically challenged individuals in his entourage to keep Shapiro on in a high level job at the Bureau for many months after it became apparent to anyone

paying even the slightest attention that this guy ran in circles that should never have included the FBI.

As Linda Tripp, a low level Defense Department employee who is involved in the Monica Lewinsky scandal, discovered recently, Clinton's investigators will dig back three decades if necessary to find some dirt on someone they want to discredit.

She also discovered that even if what they find doesn't amount to much, they will still use it for all it's worth. In her case, they had the Secretary of Defense himself announce what he described as a "very serious" finding on national prime time news, namely that she had been involved in a minor scrape 29 years earlier while in college.

Whether the Clinton gang knew it or not, such a crude display of raw power aimed at an ordinary citizen is a textbook police state method. When considering this, it is important to understand that this tactic is not principally designed to effect the particular individual involved, but to intimidate any one else who might be thinking about coming forward with information.

It can be a highly useful tactic, especially, as in the present case, when it is known that the Clinton crowd once had over 900 confidential FBI files on Republicans, and also once had former FBI General Counsel Howard Shapiro running back and forth between the Bureau and the White House like some sort of bicycle courier.

Shapiro is now a private attorney with the high powered, Washington law firm of Wilmer, Cutler and Pickering, where former White House counsel and "Washington fixer extraordinaire" Lloyd Cutler hangs his hat. Among other things, Shapiro represents a man named Terry Lenzner, a private investigator who works for a firm called the Investigative Group Inc. (IGI).

IGI has been employed since 1994 by two other high powered Washington law firms, Williams & Connolly (the home of one of Bill's personal lawyers, David Kendall) and Skadden, Arps, Slate, Meagher and Flom (the home of Bill's other big shot lawyer, Robert Bennett.) According to Kendall and Bennett, Lenzner and IGI "assist in the defense of matters related to the president."

Presumably it was because of this work that Lenzner was recently called before Starr's grand jury to testify about whether he was involved in digging into the personal lives of Starr and his deputies. Hence his need for Shapiro's services.

The irony in having Lenzner on the payroll to dig into peoples' past, and having Shapiro represent him, is that Shapiro resigned from the Bureau in May 1997 because, according to the *Washington Post*, an internal investigation found that he had exercised "poor judgment" in the White House-FBI files controversy. Lenzner worked in the anti-poverty program in the Nixon administration but, according to the best selling book *It Didn't Start With Watergate*, by Victor Lasky, "he was dismissed by Donald Rumsfeld, the director of the Office of Economic Opportunity, for channeling federal anti-poverty

dollars to such groups as the Black Panthers and Students for a Democratic Society in violation of OEO regulations."

More recently, the *Washington Post*, which describes Lenzner as having "strong and long standing ties to the Clinton White House," noted that his firm just happened to be awarded a no-bid grant from the State Department shortly after it went on the payroll of Bill's lawyers. As the Disney crowd would say, "It's A Small World, After all?"

The details of Freeh's tenure at the Bureau are outlined in no small detail in the final chapter of a recently published book, penned by the much-revered, former FBI Associate Deputy Director for Investigations, Oliver "Buck" Revell. Buck was an agent for 30 years, ending his tenure in the Bureau's number-two career post.

He is widely considered to be one of this nation's most accomplished and knowledgeable law enforcement figures, and is, in my opinion, a genuine American hero. Today he is founder and President of the Institute for the Study of Terrorism and Political Violence, where, for purposes of full disclosure, I should say that I have had the distinct pleasure of spending some time with him.

In the final chapter of *A G-Man's Journal*, Buck discusses the respective strengths and weaknesses of the various Bureau Directors under whom he served. And although the section on Freeh begins well enough, with Buck applauding the appointment of this "outstanding" candidate, things turn sour rather quickly, or, as Buck put it, "signs of trouble began to appear immediately."

Freeh's many miscues are too numerous to recount in the space we have allotted here. But we can certainly summarize Buck's assertions. According to *A G-Man's Journal*, Freeh's transgressions include the following: 1) interfering with an ongoing investigation (the Centennial Park Bombing in Atlanta); 2) suspending agents without due process (in the wake of Ruby Ridge); 3) "substantially lessen[ing] the Bureau's policy on pre-employment use of drugs," a move rumored to have been taken in order to accommodate friends with questionable pasts; 4) misusing "federal employees for purposes that are not authorized by law or regulation"; 5) awarding promotions for political reasons and to reward friends; 6) and retaliating against agents "who held views contrary to his own."

The most significant of these missteps was, undoubtedly, Freeh's tendency to use (abuse?) the Bureau's promotion and reassignment policy to reward friends and political allies and to punish opponents. The unfortunate and obvious side effect of such action is, according to Buck, that personal and political preference has been allowed to trump competence and professionalism. In so acting, Buck argues, Freeh compromised the ability of the Bureau to execute its mandate effectively.

The following quotes succinctly encapsulate Buck's thoughts on Freeh's actions. As you read them, keep in mind that Buck is widely regarded as knowing more about the Bureau, and its mandate, than virtually anyone else in the country.

Freeh sent a clear signal that he did not want free and open discussion and would retaliate against those who held views contrary to his own.

These moves quickly established that Freeh was going to return to a system of promotion by favoritism, cronyism, and *political correctness* (emphasis added).

The investigative division could still function, but less efficiently. The problem in all this was that no adequately trained replacement personnel were identified or capable of being placed in the positions vacated [as a result of Freeh's actions]. In some of the more technical positions it would be months, if not years, before adequate replacements were available.

By his failure to protect the rights of Bureau employees, Freeh failed the first and foremost important responsibility of leadership . . . Freeh sent a signal throughout the FBI that anyone was expendable, and there would be no recourse through due process for FBI officials.

With Freeh's obvious disdain for senior executives in the FBI, it is no wonder that there has been a 100 percent turnover in the SAC [Special Agent in Charge] and Assistant Director positions during his tenure. Virtually every former SAC or Headquarters senior executive I have spoken with feels the FBI is being poorly managed, and that there is a tremendous lack of leadership on the part of the Director.

In my view, he [Freeh] has failed [to lead effectively], and as a consequence, morale is at its lowest ebb in years.

Under Freeh, there has been "a tremendous loss in morale and collegial leadership relations and the premature mass exodus of senior Bureau executives from the FBI at a time when their experience and expertise is desperately needed.

Though it may be argued that the FBI and Justice Department are at least partly to blame for the Chinese theft of nuclear secrets, their culpability, whatever it may be, is undoubtedly less than that of the Department of Energy.

Not only was DOE the party from whom much of the booty was looted, it was also the first line of defense against security breaches. In this case, the FBI and Justice Department were simply reactionary law enforcement tools. DOE's security unit, on the other hand, was supposed to function in a preemptive capacity. Thus, any incompetence or corruption at the Energy Department level would almost certainly be exponentially more meaningful than similar failures at Justice or Bureau.

It is therefore inconceivable that no one, save our old friend Chris Ruddy (who now manages what I believe is one of the Web's truly great news sites, located at www.newsmax.com) has made any mention of a story that was very big news only two years ago.

You may recall that in August of 1997, Johnny Chung, the hustler/Chinese-espionage-conduit-turned-government-informant told investigators that he had been, as stated in an August 22,

1996, *New York Times* article, “shaken down for a \$25,000 donation to Africare, a charitable organization supported by the Secretary of Energy at the time, Hazel O’Leary.” In return for the donation, it was alleged, Chung was able to schedule a face-to-face meeting with Mrs. O’Leary for himself and three officials from a prominent Chinese petrochemical company.

This is hardly the type of information one would like to hear about the woman who was ultimately in charge of the secrets we now know the Chinese pilfered.

Soon after Chung’s accusation surfaced, the ever-vigilant Justice Department began an internal investigation of the Chung/O’Leary affair. In December, 1997, Janet Reno announced that her investigators had cleared Mrs. O’Leary, and that no independent counsel would be necessary to continue the inquiry into an event of such minor consequence.

In any case, what the Justice Department did discover, according to Paul Akers of the Arizona Republic, was that “an aide to O’Leary, unbeknownst to her, had electronically copied her [O’Leary’s] signature on the quid-pro-quo note to Chung.” Investigators determined that the letter Chung received bore the Secretary’s signature signed not by her hand, but by an “autopen.”

At the same time that Janet Reno cleared Mrs. O’Leary, she indicated that her department’s investigation would continue. Though Mrs. O’Leary may have been cleared of criminal wrongdoing, others at the Energy Department were still under suspicion. Reno stated that other Energy officials “may have broken the law in connection with the solicitation and payment,” made by Chung.

As one might expect from the Reno Justice Department, however, little else has emerged from the “probe” of Mrs. O’Leary and her aides. Investigators cleared O’Leary of charges of illegality, but did little to bolster concerns about her competence.

And, perhaps more importantly, it appears that the investigators may well have missed the proverbial forest for the trees. While investigating the Chung donation and the subsequent meeting with O’Leary, they ignored what we now know was a part of the bigger picture. Who at Energy knew what Johnny Chung’s Chinese buddies were up to, and when did he or she know it?

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